

WASHINGTON. D.C. – Responding to today’s White House’s housing summit, House Oversight and Government Reform Committee Ranking Member Darrell Issa (R-CA) today called on the Obama Administration to make exposing the full extent of the ‘too-cozy’ relationship between the mortgage industry and Fannie Mae and Freddie Mac as key priority in the effort to determine the government sponsored enterprise’s future. In July, [an investigation conducted](#) Issa exposed that in the run-up to the subprime mortgage meltdown that paved the way for the global financial crisis, 173 Countrywide VIP loans were given to 42 Fannie Mae and Freddie Mac employees, including three former Fannie Mae CEOs, violated ethics rules and created a conflict of interest.

“While Fannie and Freddie were leveraging their unique relationship with the Federal Government to monopolize the subprime mortgage meltdown, they were also taking VIP loans from Countrywide while internally strategizing on how to best gain favor and influence with Countrywide and Angelo Mozillo,” Issa said. “Perhaps the best place to start when determining how best to move forward with the future of Fannie/Freddie is to expose the true size and scope of this strategic partnership that paved the way to the subprime mortgage meltdown.

Recently, the [New York Times reported](#) on Fannie Mae’s Countrywide “Customer Engagement Plan” that revealed “how assiduously Fannie pursued Mr. Mozilo and 14 of his lieutenants to make sure the company continued to shovel loans its way...Nine bullet points fall under the heading “Fannie Mae’s Top Strategic Business Objectives With Lender.” The first: “Deepen relationship at all levels throughout CHL and Fannie Mae to foster alignment and collaboration between our companies at every opportunity...the engagement plan also recommends ways that Fannie executives should mingle with Countrywide’s top management,

because “fostering more direct senior level engagements with key influencers throughout their organization will be beneficial in ensuring strategic alignment and building organizational loyalty.”

“We have just begun to expose the true size and scope of the special-relationship between Fannie-Freddie and Countrywide,” Issa said. “As our nation marched down the path leading to a crippling financial crisis, Fannie Mae should have been trying to cool off risky sub-prime lending and protect the economy from a volatile housing bubble. The indisputable and disturbing reality is that as Fannie-Freddie executives were accepting Countrywide VIP loans, they were also developing a strategy to form a partnership with Countrywide with the goal of using that relationship to influence the mortgage industry and policymakers. For all the impact that the subprime meltdown had on laying the groundwork for a full-scale financial meltdown, the true nature of this strategic partnership should be exposed so we can measure the extent to which this too-cozy relationship had in fostering the conditions that led to the financial meltdown.”

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